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City of Fairfax NEWS RELEASE

Fairfax, Virginia 22030

MEDIA CONTACT:

Chris Cohen, Community Relations Office
703-385-7947 (voice), 711 (TTY)
chris.cohen@fairfaxva.gov

FOR IMMEDIATE RELEASE

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City Council Adopts Budget For Fiscal Year 2016-17

FAIRFAX, Va. — The City of Fairfax City Council has approved the city's \$135.5 million general fund operating budget for fiscal year 2016-17, an increase of \$5.1 million or 3.9 percent from the prior year. The total approved budget for all funds is \$166.3 million, a 2 percent increase from the previous fiscal year's budget. The city's fiscal year runs from July 1 to June 30.

The City Council set the real estate tax rate at \$1.062 per \$100 of assessed value, a decrease of 1.95¢ from the city manager's proposed rate of \$1.0815, and an increase of 1¢ from the previous year's adopted rate of \$1.052. The average residential homeowner's tax bill increases 3.2 percent, 1 percent based on the adopted rate of \$1.062 and a 2.2 percent increase in assessed values. This equates to an additional \$158 annual real estate tax based on the average residential home assessment of \$482,675. The average commercial property owner's tax bill increases by 2.2 percent from their prior year tax bill; based on an increase of 0.8 percent in commercial real estate values and a 2¢ increase in the Commercial and Industrial (C&I) tax rate to 9.5¢ per \$100 of assessed value, in addition to an increase of 1¢ from the previous year's base real estate tax rate of \$1.052. C&I funds are used exclusively toward new transportation projects in the city. Real estate taxes are assessed and paid on a calendar year basis.

The adopted budget includes a .25¢ increase on the real estate tax rate dedicated to the city's Stormwater Fund from the fiscal year 2015-16 adopted rate of 2¢ to 2.25¢ for fiscal year 2016-17 (included

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(City of Fairfax Adopts Budget for Fiscal Year 2016-17, continued)

in the total real estate tax rate of \$1.062). These funds are used to address aging stormwater infrastructure and to meet current and future regulatory requirements.

The Old Town Service District tax rate remains unchanged at 6¢ per \$100 of assessed value.

The adopted General Fund budget funds Capital Fund expenditures of \$6.5 million (excludes debt service of \$1.4 million on capital projects), representing 4.8 percent of General Fund expenditures.

The city is contractually obligated to pay for City of Fairfax Schools instructional costs based on a per-student formula. Year by year, school tuition increased by \$1.1 million, or 2.4 percent.

City Council approved employee merit raises, including longevity steps for public safety personnel, of up to 3.5 percent (\$253,534) for qualified employees, in addition to a 1.35 percent cost of living adjustment, or COLA (\$369,598). The amount of \$200,000 also was approved to fund the implementation of the city's "Employee Compensation Study" recommendations.

A wastewater utility rate increase of 10 percent was adopted to meet the significant number of capital projects and debt service costs relating to the city's share of upgrades for Fairfax County's Noman Cole wastewater treatment plant, the facility where the city's wastewater is treated.

Highlights of the adopted budget include:

- General Fund expenditures and revenues of \$135.5 million, an increase of 3.9 percent
- Expenditures for all funds total \$166.3 million, an increase of 2 percent
- Capital fund expenditures for General Fund supported projects of \$6.5 million
- Adopted real estate tax rate of \$1.062 per \$100 of assessed value, a 1¢ increase from the fiscal year 2015-16 real estate tax rate
- Assessed value of all real property increased \$121,156,127, a 2.1 percent increase to \$5,814,176,127
- One cent on the real property tax rate is about \$590,968
- No change to the personal property tax rate of \$4.13 per \$100 of assessed value; however, the tax rate is set at 1¢ per \$100 of assessed value for qualifying disabled veterans.
- Commercial and Industrial real estate tax rate of 9.5¢ per \$100 of assessed value dedicated for transportation improvements, an increase from 7.5¢ from the fiscal year 2015-16 rate
- Merit increases of up to 3.5 percent for eligible employees, public safety longevity steps up to 3.5 percent, and a 1.35 percent COLA for all employees (\$623,131 cost impact)
- \$200,000 to fund the implementation of the city's "Employee Compensation Study" recommendations.

(City of Fairfax Adopts Budget for Fiscal Year 2016-17, continued)

- Wastewater utility rate increase of 10 percent for continued support of the long-term capital improvement program

The adopted budget will be posted on the city website by July 1 at www.fairfaxva.gov/government/finance/budget. A limited number of printed copies of the adopted budget also will be available by July 1 in the Finance Department, located in Room 312 at City Hall, 10455 Armstrong Street.

For information on the fiscal year 2016-17 adopted budget, contact Budget Manager Kerry Kidd at 703-385-7876 or Kerry.Kidd@fairfaxva.gov.